



BOSNIA-HERZEGOVINA FACT SHEET

U.S. Agency for International Development

Contact: Kasey Vannett, USAID Sarajevo, 387-33-619-211; Website: www.usaid.ba

Business Development Program

Through its Business Development Program, USAID is assisting Bosnia-Herzegovina to make the transition from a planned to a market economy. The USAID Business Development Program (BDP) consists of Business Finance (www.usaidbf.ba) which provides commercial credit in the form of loans to Bosnian businesses. For the program's first five years, a Business Consulting side provided needed training and technical assistance to borrowers. All loans are processed through Bosnian banks, thus strengthening their capacity to operate successfully in a free enterprise system.

- The \$278 million BDP program is helping to promote economic growth by assisting enterprises to expand production, creating employment opportunities, while generating income for families and communities. The program targets small and medium-sized private enterprises.
- USAID recently approved five lines of credit with the following Bosnian banks: UPI, Universal, Zagrebacka, Gospodarska and MEB. The program is designed to provide each bank participant up to 4 million KM (\$2 million) in lines of credit. The banks have already lent directly to 54 private small and medium size businesses.
- USAID has also approved six lines of credit to Bosnian Micro-Credit Organizations (MCOs) including: Prisma, EKI, Partner, Mikrofin, Bosssel and Sinergija for their on-lending. The MCOs are provided with credit lines of up to KM 1 million (\$500,000) to on-lend to their clients to either start or expand their businesses (mostly agricultural related). Socially vulnerable categories such as returning refugees, women and demobilized soldiers are targeted. To date, the MCOs have made 1,618 micro-loans creating 702 new jobs and sustaining an additional 21,366.
- 598 direct loans by USAID to Bosnian enterprises worth over KM 277 million (\$162 million) have been approved to date, reflecting the tremendous demand by Bosnian firms anxious to expand business activity but lacking working capital and medium-term financing. USAID loan recipients account for an impressive fifty percent of all of Bosnia's post-war exports.
- The USAID loans are expected to provide direct employment to over 9,000 Bosnians representing a mix of ethnic backgrounds. In addition, they sustained 24,000 jobs.). For example, USAID just made its second loan to Klas, a food producer that plans to expand its production line to include raspberries. The new loan will provide for eight new full time jobs and 54 seasonal ones. Moreover the project will create 438 indirect jobs for farmers who supply the company with raw

materials.

- Typical loans include manufacturing (furniture, metal), forestry (logging, sawmills), agro-industry and food (milk products, fruit processing, bread), and construction (building materials, roof tiles, cement. For instance, Dukat doo, is a flourmill located in Tesanj. When USAID approved its first loan to Dukat the company had seven employees. After receiving its third USAID loan, the company more than doubled its sales and increased its number of employees to 82.
- In addition to a thorough credit review, all loan applications are reviewed by an environmental unit to ensure the financed activity will not cause environmental degradation.
- The USAID Business Development Program originally concentrated its activities in the U.S.-SFOR sector and Sarajevo, but has expanded its program to Middle Bosnia, Republika Srpska, Mostar, Livno and the Brcko District.
- After the first quarter of 2003, USAID will make no further direct loans under the BDP. Instead, USAID will transfer its lending operation to its partner banks and micro credit institutions, which are supported by USAID's lines of credit.

###